Montana Constitution

AS ADOPTED BY THE CONSTITUTIONAL CONVENTION MARCH 22, 1972
AND AS RATIFIED BY THE PEOPLE, JUNE 6, 1972, REFERENDUM NO. 68

ARTICLE VIII
REVENUE AND FINANCE

EXHIBIT 2
DATE 1-7-09
HB Informational meeting

Section

1. Tax purposes.
2. Tax power inalienable.
3. Property tax administration.
4. Equal valuation.
5. Property tax exemptions.
6. Highway revenue non-diversion.
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8. State debt.
9. Balanced budget.
10. Local government debt.
11. Use of loan proceeds.
12. Strict accountability.
13. Investment of public funds and public retirement system and state compensation insurance fund assets.
14. Prohibited payments.
15. Public retirement system assets.
16. Limitation on sales tax or use tax rates.

Section 1. Tax purposes. Taxes shall be levied by general laws for public purposes.

Section 2. Tax power inalienable. The power to tax shall never be surrendered, suspended, or contracted away.

Section 3. Property tax administration. The state shall appraise, assess, and equalize the valuation of all property which is to be taxed in the manner provided by law.

Section 4. Equal valuation. All taxing jurisdictions shall use the assessed valuation of property established by the state.

Section 5. Property tax exemptions. (1) The legislature may exempt from taxation:
(a) Property of the United States, the state, counties, cities, towns, school districts, municipal corporations, and public libraries, but any private interest in such property may be taxed separately.
(b) Institutions of purely public charity, hospitals and places of burial not used or held for private or corporate profit, places for actual religious worship, and property used exclusively for educational purposes.
(c) Any other classes of property.
(2) The legislature may authorize creation of special improvement districts for capital improvements and the maintenance thereof. It may authorize the assessment of charges for such improvements and maintenance against tax exempt property directly benefited thereby.

Section 6. Highway revenue non-diversion. (1) Revenue from gross vehicle weight fees and excise and license taxes (except general sales and use taxes) on gasoline, fuel, and other energy sources used to propel vehicles on public highways shall be used as authorized by the legislature, after deduction of statutory refunds and adjustments, solely for:
(a) Payment of obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges.
(b) Payment of county, city, and town obligations on streets, roads, and bridges.
(c) Enforcement of highway safety, driver education, tourist promotion, and administrative collection costs.
(2) Such revenue may be appropriated for other purposes by a three-fifths vote of the members of each house of the legislature.

Section 7. Tax appeals. The legislature shall provide independent appeal procedures for taxpayer grievances about appraisals, assessments, equalization, and taxes. The legislature shall include a review procedure at the local government unit level.

Section 8. State debt. No state debt shall be created unless authorized by a two-thirds vote of the members of each house of the legislature or a majority of the electors voting thereon. No state debt shall be created to cover deficits incurred because appropriations exceeded anticipated revenue.

Section 9. Balanced budget. Appropriations by the legislature shall not exceed anticipated revenue.

Section 10. Local government debt. The legislature shall by law limit debts of counties, cities, towns, and all other local governmental entities.

Section 11. Use of loan proceeds. All money borrowed by or on behalf of the state or any county, city, town, or other local governmental entity shall be used only for purposes specified in the authorizing law.

Section 12. Strict accountability. The legislature shall by law insure strict accountability of all revenue received and money spent by the state and counties, cities, towns, and all other local governmental entities.

Section 13. Investment of public funds and public retirement system and state compensation insurance fund assets. (1) The legislature shall provide for a unified investment program for public funds and public retirement system and state compensation insurance fund assets and provide rules therefor, including supervision of investment of surplus funds of all counties, cities, towns, and other local governmental entities. Each fund forming a part of the unified investment program shall be separately identified. Except as provided in subsections (3) and (4), no public funds shall be invested in private corporate capital stock. The investment program shall be audited at least annually and a report thereof submitted to the governor and legislature.
(2) The public school fund and the permanent funds of the Montana university system and all other state institutions of learning shall be safely and conservatively invested in:
(a) Public securities of the state, its subdivisions, local government units, and districts within the state, or
(b) Bonds of the United States or other securities fully guaranteed as to principal and interest by the United States, or

(c) Such other safe investments bearing a fixed rate of interest as may be provided by law.
(3) Investment of public retirement system assets shall be managed in a fiduciary capacity in the same manner that a prudent expert acting in a fiduciary capacity and familiar with the circumstances would use in the conduct of an enterprise of a similar character with similar aims. Public retirement system assets may be invested in private corporate capital stock.
(4) Investment of state compensation insurance fund assets shall be managed in a fiduciary capacity in the same manner that a prudent expert acting in a fiduciary capacity and familiar with the circumstances would use in the conduct of a private insurance organization. State compensation insurance fund assets may be invested in private corporate capital stock. However, the stock investments shall not exceed 25 percent of the book value of the state compensation insurance fund's total invested assets.
History: Amd. Const. Amend. No. 25, approved Nov. 8, 1994; amd. Const. Amend. No. 35, approved Nov. 7, 2000.

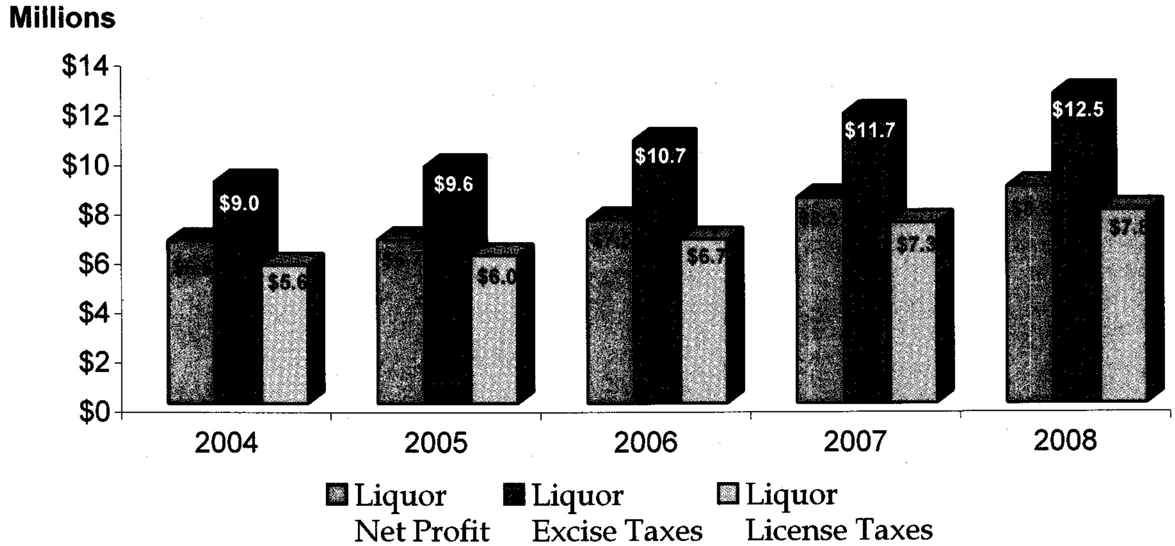
Section 14. Prohibited payments. Except for interest on the public debt, no money shall be paid out of the treasury unless upon an appropriation made by law and a warrant drawn by the proper officer in pursuance thereof.

Section 15. Public retirement system assets. (1) Public retirement systems shall be funded on an actuarially sound basis. Public retirement system assets, including income and actuarially required contributions, shall not be encumbered, diverted, reduced, or terminated and shall be held in trust to provide benefits to participants and their beneficiaries and to defray administrative expenses.
(2) The governing boards of public retirement systems shall administer the system, including actuarial determinations, as fiduciaries of system participants and their beneficiaries.
History: En. Sec. 2, Const. Amend. No. 25, approved Nov. 8, 1994.

Section 16. Limitation on sales tax or use tax rates. The rate of a general statewide sales tax or use tax may not exceed 4%.
History: En. Sec. 1, Const. Amend. No. 27, approved Nov. 8, 1994.

Liquor Control Division

History of Sales and Revenue



Fiscal Year	Liquor Sales	Liquor Net Profit	Liquor Excise Taxes	Liquor License Taxes		Total Revenue
2004	**$ 70,827,539**	6,617,808	8,992,427	5,621,399	**$**	**21,231,634**
2005	**$ 75,686,673**	6,662,125	9,609,132	6,007,218	**$**	**22,278,475**
2006	**$ 83,916,488**	7,460,621	10,651,853	6,658,036	**$**	**24,770,510**
2007	**$ 92,301,388**	8,333,039	11,716,614	7,322,884	**$**	**27,372,537**
2008	**$ 98,594,652**	8,775,806	12,512,800	7,820,500	**$**	**29,109,106**

Gross liquor sales increased 7% from 92.3 million in fiscal year 2007 to 98.6 million in Fiscal year 2008.

EXHIBIT 3
DATE 1-7-09
HB informational meeting